

**RULES  
OF  
TENNESSEE DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL SERVICES**

**CHAPTER 1240-3-1  
GENERAL RULES**

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**1240-3-1-.01 NECESSITY AND FUNCTION.** The Department of Human Services has responsibility to determine eligibility for medical assistance in accordance with Title XIX of the Social Security Act and federal regulations. *TCA §14-1902* empowers the Department to comply with any requirement that may be imposed or opportunity presented, by Federal law, for the provision of medical assistance to Tennessee's indigent citizenry. Federal regulations set forth definitions for words and/or phrases used by the Department in policies pertaining to the provision of medical assistance: 42 CFR 435.4.

**Authority:** *TCA §§14-722 and 14-1911. Administrative History:* Original rule filed June 14, 1976; effective July 14, 1976. Amendment filed June 9, 1981; effective October 5, 1981.

**1240-3-1-.02 DEFINITIONS.**

- (1) Definitions of terms or phrases utilized in regulations relating to the Medical Assistance Program are as follows:
  - (a) CFR (Code of Federal Regulations). Federal regulations which transfer to regulatory form the specific requirements of Federal law.
  - (b) Deductible. Amounts payable by the recipient which fall within an aged beneficiary's deductible liability imposed by Title XVIII, Part B. Health Insurance for the Aged.
  - (c) Co-insurance. Coinsurance amounts payable by the recipient under the provisions of Title XVIII, Part B for covered medical services rendered under the Medicare Program and becoming due after satisfaction of the deductible liability.
  - (d) Eligible individual. A person who has applied for medical assistance and has been found to meet all applicable conditions for eligibility pertaining to Tennessee's Medical Assistance Program.
  - (e) Excess income. That portion of the income of the individual or family group, which exceeds amounts allowable to the individual or family group as disregarded income or income protected for basic maintenance and which results in a determination of ineligibility.
    1. Excess Resources. That portion of the liquid assets or other resources of the individual or family group in excess of the amounts which may be retained for the individual or family group's security and personal use, not exempted from consideration or otherwise accounted for by special specified circumstances, and which result in a determination of ineligibility.
    2. Spend-Down The process by which excess income is utilized for recognized medical expenses and which, when depleted, results in a determination of eligibility if all other eligibility factors are met.

(Rule 1240-3-1-.02, continued)

- (f) Level I care is health care in a nursing facility, which is more than room and board, but is less than skilled nursing care (Level I care was formally called I.C.F. - Intermediate Care Facility).
- (g) Inpatient services. Those services rendered for any acute or chronic condition, including maternal and mental health care, which cannot be rendered on an outpatient basis.
- (h) Outpatient services. Services provided, in other than inpatient circumstances, for any condition detrimental to the individual recipient's physical or mental health which cannot be taken care of in the home situation.
- (i) Medicaid. The State program of medical assistance as administered by the Department in compliance with Title XIX of the Social Security Act and which is designed to provide for the medical care needs of Tennessee's medically indigent citizenry.
- (j) Medicare. The Federal program under Title XVIII of the Social Security Act providing medical benefits to persons receiving Social Security Retirement payments or who have received Social Security benefits based on disability for a period of twenty-four consecutive months.
  - 1. Part A of Title XVIII. Hospital Insurance Benefits provides hospital care, nursing home care, and home health visits, subject to deductibles and co-insurance.
  - 2. Part B of Title XVIII. Supplementary Medical Insurance provides additional medical benefits to those persons eligible for Part A or any person sixty-five (65) years of age, but only if enrolled in the program and paying the monthly premium.
- (k) Medical assistance drug list. A listing of drugs covered under the Medical Assistance Program, which includes the drug code, description, dosage strength, covered unit form, maximum dosage covered, and per unit price.
- (l) Nursing Facility (NF). A facility certified by the State to provide nursing care in what was formally called Intermediate Care Facility (I.C.F.) and Skilled Nursing Facility (S.N.F.).
- (m) Level II care is health care in a nursing facility which is a higher level of care than Level I, but less than inpatient hospitalization. (Level II care was formally called Skilled Nursing Care.)

**Authority:** TCA §§71-1-105(12), 71-5-101, 71-5-103, and 71-5-111; 42 USC §1396a(e)(4); 42 USC §423 note; PL 101-508 §5103(e); PL 98-21 §134 and PL 100-203 §9116 and 42 USC §1396r. **Administrative History:** Original rule filed June 14, 1976; effective July 14, 1976. Amendment filed April 23, 1997; effective July 7, 1997.